

DAVID Y. IGE  
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JAMES K. NISHIMOTO  
DIRECTOR

RANDY BALDEMOR  
DEPUTY DIRECTOR

**STATE OF HAWAII**  
**DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT**  
235 S. BERETANIA STREET  
HONOLULU, HAWAII 96813-2437

March 31, 2015

TESTIMONY TO THE  
HOUSE COMMITTEE ON FINANCE  
For Hearing on Wednesday, April 1, 2015  
2:00 p.m., Conference Room 308

By

JAMES K. NISHIMOTO  
OFFICE OF COLLECTIVE BARGAINING, CHIEF NEGOTIATOR

**Senate Bill Nos. 1076 SD1 HD1; 1077 SD1 HD1; 1078 SD1 HD1; 1079 SD1 HD1;  
1080 SD1 HD1; 1081 SD1 HD1; 1082 SD1 HD1; 1083 SD1 HD1; and 1084 SD1 HD1  
Making Appropriations for Collective Bargaining Cost Items**

**(WRITTEN TESTIMONY ONLY)**

CHAIRPERSON LUKE, VICE CHAIR NISHIMOTO AND MEMBERS OF THE HOUSE  
COMMITTEE ON FINANCE:

These bills provide fund authorizations and appropriations for collective bargaining cost items for bargaining units (14), (2), (3), (4), (5), (10), (11), (8) and (9) and their excluded counterparts, including the cost of salary adjustments negotiated between the State and the respective bargaining unit representatives for fiscal biennium 2015 – 2017.

The Office of Collective Bargaining (OCB) is **IN SUPPORT** of these bills.

OCB is in favor of these bills continuing to proceed through the legislative process to ensure adequate funding of negotiated cost items.

TESTIMONY BY WESLEY K. MACHIDA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON FINANCE  
ON  
SENATE BILL NO. 1081, S.D. 1, H.D. 1

April 1, 2015

MAKING APPROPRIATIONS FOR COLLECTIVE BARGAINING COST ITEMS

This administration proposal is a vehicle bill to appropriate and authorize funds for collective bargaining cost items for salary adjustments and other cost adjustments for public employees represented by the United Public Workers belonging to Bargaining Unit 10 (institutional employees) and their excluded counterparts for Fiscal Biennium 2015-17.

Although this unit currently has a contract in place through June 30, 2017, the Department of Budget and Finance supports moving this measure, or a similar one, as the contract has re-opener provisions related to Employer-Union Health Benefit Trust Fund employer contributions and vehicle bills will be necessary should an agreement be reached prior to the end of the legislative session.



# **UNIVERSITY OF HAWAII SYSTEM**

## **Legislative Testimony**

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### WRITTEN ONLY TESTIMONY

Submitted to the  
House Committee on Finance  
April 1, 2015 at 2:00 pm Room 308  
by

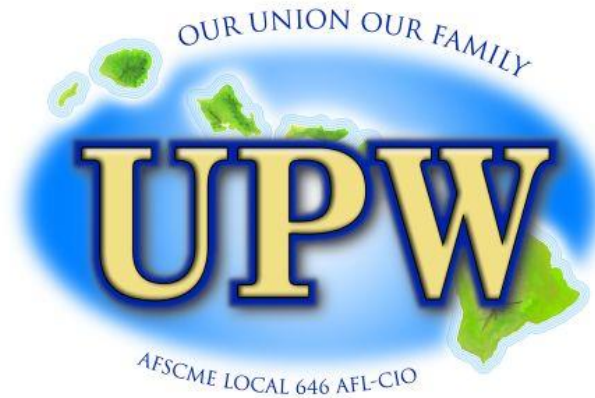
Kalbert Young  
Vice President – Budget & Finance & Chief Financial Officer  
University of Hawai'i

### **SB 1081 SD1 HD1 – MAKING APPROPRIATIONS FOR COLLECTIVE BARGAINING COST ITEMS**

Chair Luke, Vice Chair Nishimoto, and members of the Finance Committee:

Thank you for this opportunity to testify. The University of Hawai'i (UH) supports SB1081 SD1 HD1, Making Appropriations for Collective Bargaining Cost Items. This measure would provide fund authorization and appropriations for collective bargaining cost items on behalf of UH employees represented by unit (10) and their excluded counterparts, pursuant to collective bargaining agreements between the State of Hawai'i and the bargaining unit for fiscal biennium 2015-2017.

Thank you for your time and consideration.



**THE HAWAII STATE HOUSE OF REPRESENTATIVES**

The Twenty-Eighth Legislature  
Regular Session of 2015

**COMMITTEE ON FINANCE**

Honorable Representative Sylvia Luke Chair  
Honorable Representative Scott Y. Nishimoto Vice Chair

DATE OF HEARING: Wednesday, April 1, 2015  
TIME OF HEARING: 2:00 PM  
PLACE OF HEARING: Conference Room 308  
State Capitol  
415 South Beretania Street

**TESTIMONY IN SUPPORT OF SENATE BILL 1081, SD1, HD1 MAKING  
APPROPRIATIONS FOR COLLECTIVE BARGAINING COST ITEMS**

By DAYTON M. NAKANELUA,  
State Director of the United Public Workers,  
AFSCME Local 646, AFL-CIO ("UPW")

My name is Dayton M. Nakanelua and I am the State Director of the United Public Workers, AFSCME, Local 646, AFL-CIO (UPW). The UPW is the exclusive bargaining representative for approximately 12,000 public employees, which include blue collar, non-supervisory employees in Bargaining Unit 01 and institutional, health and correctional employees in Bargaining Unit 10, in the State of Hawaii and various counties. The UPW also represents about 1,500 members of the private sector.

The UPW strongly supports SB1081, SD1, HD1 authorizing and appropriating collective bargaining cost items for BU-10. We ask that the Committee pass this measure.

Thank you for the opportunity to submit this testimony.



## FIN-Jo

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, March 31, 2015 11:22 AM  
**To:** FINTestimony  
**Cc:** ecabatu@hhsc.org  
**Subject:** \*Submitted testimony for SB1081 on Apr 1, 2015 14:00PM\*

### **SB1081**

Submitted on: 3/31/2015

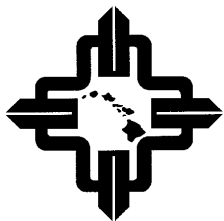
Testimony for FIN on Apr 1, 2015 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Elena Cabatu	East Hawaii Region of Hawaii Health Systems Corporation	Support	No

### Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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**HAWAII HEALTH SYSTEMS**  
C O R P O R A T I O N  
*Quality Healthcare For All*

**LATE**

**House Committee on Finance**  
**Representative Sylvia Luke, Chair**  
**Representative Scott Y. Nishimoto, Vice Chair**

April 1, 2015  
Conference Room 308  
2:00 p.m.  
Hawaii State Capitol

**Testimony Supporting Senate Bill 1081, SD1, HD1**  
**Making Appropriations for Collective Bargaining Cost Items.**  
**Provides fund authorizations and appropriations for collective bargaining cost items for collective bargaining unit (10) and their excluded counterparts, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for fiscal biennium 2015-2017.**

Linda Rosen, M.D., M.P.H.  
Chief Executive Officer  
Hawaii Health Systems Corporation

On behalf of the Hawaii Health Systems Corporation (HHSC) Corporate Board of Directors, thank you for the opportunity to present testimony in **support of SB 1081 SD1, HD1** that will appropriate funding from the General Fund to provide our approximately 1,100 institutional and health workers with their negotiated or arbitrated wage increases.

As Hawaii's "safety net" hospitals, HHSC's financial crisis has raised major concerns with residents throughout the state – particularly in the neighbor island communities. The 2009 Stroudwater Report bluntly states "HHSC is in a financially perilous condition." Sadly, since this 5-year old report, our financial condition has only worsened. HHSC began the 2015 fiscal year with only enough cash on-hand to operate for 30 days. For a rural community such as Hilo, the question of how one would receive critical medical care if their only hospital closed in a month due to fiscal deficiencies is distressing.

Added financial pressure was applied with the stress of funding pay increases. HHSC's past efforts to have these raises paid for out of the General Fund have been unsuccessful. Hence, the pay raises had to be paid out from the Special Fund – a fund with a \$48 million shortfall. Consequently, HHSC was forced to absorb this \$48 million in unfunded collective bargaining raises that were negotiated by the previous

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[www.hhsc.org](http://www.hhsc.org) <<http://www.hhsc.org>>

Administration. While we have managed to reduce the cash flow deficit to roughly \$15 million, contingency plans for responding to this monetary shortfall were unavoidable. The first round of reduction-in-force cut 33 filled positions, eliminated 109 vacant positions, and resulted in the closure of Maui Memorial's Adolescent Psych Unit.

Moving forward, our financial forecast looks grim. Thus, raising enough revenue to support these pay increases will be extremely challenging – if not impossible. Consequently, if this bill is not passed, HHSC must move forward with more rounds of reductions. Cuts will be deeper, jobs will be lost, and critical medical services may be eliminated in our communities that desperately need them. Therefore, we implore this committee to support the provision of general fund appropriations to HHSC that would fully-fund the cost of the wage increases.

Thank you for the opportunity to testify before this committee. We appreciate the Committee's continued focus on improving healthcare for our island communities.